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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Leading Holdings Group Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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## Leading Holdings Group Limited

### 領地控股集團有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 6999)**

## **(1) RENEWAL OF CONTINUING CONNECTED TRANSACTION AND (2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Advisor to the Independent Board Committee  
and the Independent Shareholders**



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Capitalised terms used in this cover page shall have the same meanings as defined in this circular unless otherwise specified.

A notice convening the EGM of the Company to be held on Tuesday, 5 December 2023 at 10:00 a.m. at 46/F, Tower A, Leading International Finance Center, No. 151, 2nd Tianfu Street, Gaoxin District, Chengdu, Sichuan Province, PRC is set out on pages 45 to 46 of this circular and a form of proxy for the EGM is despatched together with this circular. Shareholders who intend to appoint a proxy to attend the EGM shall complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours (i.e. 10:00 a.m. on Sunday, 3 December 2023) before the time appointed for the holding of the EGM or any adjournment meeting (as the case may be). The completion of a form of proxy will not preclude Shareholders from attending and voting at the EGM in person should they so wish, and in such case, the instrument appointing a proxy shall be deemed to be revoked.

15 November 2023

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## DEFINITIONS

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*In this circular, the following expressions shall have the following meanings unless the context otherwise requires:*

“2023 Property Management Services Framework Agreement”	the agreement entered into between the Company and Ling Yue Services on 28 July 2023 in relation to the renewal of the Property Management Services Framework Agreement for a term commencing from 1 January 2023 and ending on 31 December 2025 (both days inclusive)
“30%-controlled company”	has the meaning ascribed to it under the Listing Rules
“Acting in Concert Deed”	the acting in concert deed dated 18 February 2020 and executed by the Ultimate Controlling Shareholders, details of which are set out in “Relationship with Controlling Shareholders — Acting in Concert Deed” of the prospectus of the Company dated 26 November 2020
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Leading Holdings Group Limited (領地控股集團有限公司) (formerly known as Leading China Holdings Limited (領地中國控股有限公司)), an exempted company incorporated in the Cayman Islands with limited liability on 15 July 2019, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 6999)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Early Transactions”	the provision of the Property Management Services by the Ling Yue Services Group to the Group from 1 January 2023 up to the Latest Practicable Date

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## DEFINITIONS

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“EGM”	The extraordinary general meeting of the Company to be convened and held at 46/F, Tower A, Leading International Finance Center, No. 151, 2nd Tianfu Street, Gaoxin District, Chengdu, Sichuan Province, PRC on Tuesday, 5 December 2023 at 10:00 a.m. for the purpose of considering and, if thought fit, approving the 2023 Property Management Services Framework Agreement, the transactions contemplated thereunder (including the proposed annual caps for those transactions) and the ratification of the Early Transactions
“Fan Tai”	Fan Tai Investment Holding Limited, a company incorporated in the BVI with limited liability on 29 August 2019, which is wholly owned by Mr. Liu Ce and is one of the controlling shareholders of the Company
“Fu Sheng”	Fu Sheng Capital Limited, a company incorporated in the BVI with limited liability on 5 June 2019, which is wholly-owned by Ms. Long Yiqin and is one of the controlling shareholders of the Company
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board comprising all the independent non-executive Directors, namely Ms. Jin Xu, Ms. Liang Yunxing and Mr. Fang Min, established to advise the Independent Shareholders on the 2023 Property Management Services Framework Agreement, the transactions contemplated thereunder (including the annual caps for those transactions) and the ratification of the Early Transactions

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## DEFINITIONS

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“Independent Financial Adviser”	Lego Corporate Finance Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the 2023 Property Management Services Framework Agreement, the transactions contemplated thereunder (including the annual caps for those transactions) and the ratification of the Early Transactions
“Independent Shareholders”	the Shareholders who are not interested in or involved in the 2023 Property Management Services Framework Agreement
“Independent Third Party(ies)”	third party(ies) who is/are independent of and not connected with the Company and its connected persons
“Jin Sha Jiang”	Jin Sha Jiang Holding Limited, a company incorporated in the BVI with limited liability on 5 June 2019, which is wholly owned by Mr. Liu Yuhui and is one of the controlling shareholders of the Company
“Latest Practicable Date”	10 November 2023, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Lian Rong”	Lian Rong Capital Limited, a company incorporated in the BVI with limited liability on 29 August 2019, which is wholly owned by Mr. Liu Haowei and is one of the controlling shareholders of the Company
“Liang Yuan Enterprise Management”	Liang Yuan Enterprise Management Co., Ltd.* (量源企業管理有限公司) (formerly known as Liang Yuan Asset Management Co., Ltd.* (量源資產管理有限公司)), a company established in the PRC with limited liability on 12 August 2011 which is owned as to 33.34% by Mr. Liu Songfa, 33.33% by Mr. Liu Ce and 33.33% by Mr. Liu Haowei

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## DEFINITIONS

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“Ling Yue”	Ling Yue Capital Holding Limited, a company incorporated in the BVI with limited liability on 29 August 2019, which is wholly owned by Mr. Liu Haowei and is one of the controlling shareholders of the Company
“Ling Yue Services”	Ling Yue Services Group Limited (領悅服務集團有限公司) (formerly known as Ling Yue Group Limited (領悅集團有限公司)), an exempted company incorporated in the Cayman Islands with limited liability on 28 August 2020, the shares of which are listed on the Stock Exchange (Stock Code: 2165)
“Ling Yue Services Group”	Ling Yue Services and its subsidiaries
“Lingyue Property”	Lingyue Property Services Group Co., Ltd.* (領悅物業服務集團有限公司) (formerly known as Sichuan Huifeng Property Service Co., Ltd. (四川滙豐物業服務有限公司)), a company established in the PRC with limited liability on 21 January 2002 and an indirect wholly-owned subsidiary of Ling Yue Services
“Lingyue Property Group”	Lingyue Property and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“PRC”	the People’s Republic of China
“Property Management Services”	as defined under the paragraph headed “Subject matter” of this circular
“Property Management Services Framework Agreement”	the agreement entered into between the Company and Lingyue Property on 16 November 2020 in respect of the provision of Property Management Services by the Lingyue Property Group to the Group for a term commencing from 10 December 2020 to 31 December 2022
“Register of Members”	the register of members of the Company

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## DEFINITIONS

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“RMB”	Renminbi, the lawful currency of the PRC
“San Jiang Yuan”	San Jiang Yuan Investment Limited, a company incorporated in the BVI with limited liability on 5 June 2019, which is wholly owned by Ms. Wang Tao and is one of the controlling shareholders of the Company
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shan Yuan”	Shan Yuan Holdings Limited, a company incorporated in the BVI with limited liability on 5 June 2019, which is wholly owned by Ms. Hou Sanli and is one of the controlling shareholders of the Company
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Ultimate Controlling Shareholders”	collectively, Mr. Liu Yuhui, Mr. Liu Ce, Mr. Liu Haowei, Ms. Wang Tao, Ms. Long Yiqin and Ms. Hou Sanli
“Yuan Di”	Yuan Di Capital Limited, a company incorporated in the BVI with limited liability on 29 August 2019, which is wholly owned by Mr. Liu Ce and is one of the controlling shareholders of the Company
“Yue Lai”	Yue Lai Investment Limited, a company incorporated in the BVI with limited liability on 5 June 2019, which is wholly owned by Mr. Liu Yuhui and is one of the controlling shareholders of the Company
“%”	per cent.

\* *For identification purpose only*

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LETTER FROM THE BOARD

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**Leading Holdings Group Limited**

**領地控股集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 6999)**

*Executive Directors:*

Mr. Liu Yuhui (*Chairman*)

Mr. Luo Changlin

*Independent Non-executive Directors:*

Ms. Jin Xu

Ms. Liang Yunxing

Mr. Fang Min

*Registered Office:*

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Principal Place of Business in Hong Kong:*

5/F, Manulife Place

348 Kwun Tong Road

Kowloon

Hong Kong

15 November 2023

*To the Shareholders*

Dear Sir or Madam,

**(1) RENEWAL OF CONTINUING CONNECTED TRANSACTION**

**AND**

**(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**INTRODUCTION**

Reference is made to the announcement of the Company dated 28 July 2023 in relation to the 2023 Property Management Services Framework Agreement, the transactions contemplated thereunder (including the annual caps for those transactions) and the ratification of the Early Transactions.



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## LETTER FROM THE BOARD

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The purpose of this circular is to provide you with (i) further information regarding the 2023 Property Management Services Framework Agreement, the transactions contemplated thereunder (including the annual caps for those transactions) and the ratification of the Early Transactions, (ii) the recommendation from the Independent Board Committee to the Independent Shareholders, (iii) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, and (iv) the notice convening the EGM.

### **2023 PROPERTY MANAGEMENT SERVICES FRAMEWORK AGREEMENT**

For reasons set forth in the section headed “RECTIFICATION OF BREACH OF THE LISTING RULES”, it came to the attention to the Board that the Property Management Services Framework Agreement has expired on 31 December 2022 and the Group has continued to engage the Ling Yue Services Group to provide Property Management Services to the Group. Thus, the Company entered into the 2023 Property Management Services Framework Agreement with Ling Yue Services to renew the Property Management Services Framework Agreement for a term commencing from 1 January 2023 to 31 December 2025 (both days inclusive).

Set out below are the principal terms of the 2023 Property Management Services Framework Agreement:

- Date: 28 July 2023
- Parties: (a) The Company; and  
(b) Ling Yue Services
- Subject matter: Pursuant to the 2023 Property Management Services Framework Agreement, the Ling Yue Services Group will provide on-site management services for construction sites, display units and on-site sales offices and other property management services, including but not limited to, consultancy services prior to delivery of properties and property management services for properties and carparks owned by the Group.
- Term: The 2023 Property Management Services Framework Agreement has a fixed term commencing from the 1 January 2023 to 31 December 2025 (both days inclusive).

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## LETTER FROM THE BOARD

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Pricing: The service fees payable shall be determined based on arm's length negotiation with reference to (i) the scope of services and type, size and location and the total GFA of the property development projects of which such Property Management Services are required; (ii) the anticipated operational costs (including labor costs, material costs and administrative costs) for providing such services; and (iii) the prevailing market price for similar services and similar type of projects and shall be no less favorable than those quoted by Independent Third Parties to us.

Condition precedent: The 2023 Property Management Services Framework Agreement is conditional upon the approval of the independent shareholders of each of the Company and Ling Yue Services.

The 2023 Property Management Services Framework Agreement is a framework agreement which provides the mechanism for the operation of the connected transactions described therein. It is envisaged that from time to time and as required, individual service contracts shall be entered into between the Group and the Ling Yue Services Group. Each individual service contract will set out the Property Management Services to be provided by the Ling Yue Services Group to the Group, the fees for the services to be paid by the Group and any detailed specifications which may be relevant to those engagements. The individual service contracts will only contain provisions which are in all material respects consistent with the binding principles, guidelines, terms and conditions set out in the 2023 Property Management Services Framework Agreement.

The credit period granted to the Group by the Ling Yue Services Group in respect of the trade payables generated under the 2023 Property Management Services Framework Agreement will not exceed 12 months.

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## LETTER FROM THE BOARD

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### Historical transaction amounts

The historical transaction amounts (exclusive of tax) of the Property Management Services provided by the Ling Yue Services Group to the Group are as follows:

	<b>For the year ended 31 December 2020 RMB</b>	<b>For the year ended 31 December 2021 RMB</b>	<b>For the year ended 31 December 2022 RMB</b>
Property Management Services provided by the Ling Yue Services Group to the Group	95,500,000	127,300,000	111,570,000

As at 31 August 2023, the outstanding balance of the account payables to Ling Yue Services Group generated under the Property Management Services Framework Agreement was RMB11,616,000.

From 1 January 2023 up to the Latest Practicable Date, the Ling Yue Services Group has continued to provide the Property Management Services to the Group, details of which are disclosed in the section headed “RECTIFICATION OF BREACH OF THE LISTING RULES” below.

### Annual cap and basis of determination

Pursuant to the 2023 Property Management Services Framework Agreement, the proposed annual caps (exclusive of tax) for the Property Management Services provided by the Ling Yue Services Group to the Group for the three years ending 31 December 2025 will be RMB129,000,000, RMB152,000,000 and RMB182,000,000, respectively.

The proposed annual caps for the Property Management Services contemplated under the 2023 Property Management Services Framework Agreement were determined with reference to: (i) the historical transaction amounts for the three years ended 31 December 2022 and the amount of the Early Transactions; (ii) the number of existing property projects for which we have engaged the Ling Yue Services Group to provide the Property Management Services; and (iii) the estimated GFA of the properties expected to be sold and delivered by us that will require Property Management Services in the relevant years taking into account the historical trend of the increase of properties delivered by the Group and the sales and business plans of the Group.

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## LETTER FROM THE BOARD

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If the resolution regarding the 2023 Property Management Services Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps for those transactions) is voted down by the Independent Shareholders at the EGM, the Company and Ling Yue Services will amend the annual caps under the 2023 Property Management Services Framework Agreement for each of the three years ending 31 December 2025 (the “**Revised Annual Caps**”) to the extent that the highest applicable percentage ratio in respect of the Revised Annual Caps will not exceed 5%, and such that the 2023 Property Management Services Framework Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements but exempt from the Independent Shareholders’ approval requirement under Chapter 14A of the Listing Rules.

### **Reasons for and benefits of entering into the 2023 Property Management Services Framework Agreement**

The Ling Yue Services Group has extensive experience in on-site management of construction sites, display units and on-site sales offices and property management of properties and carparks. The Group has a long and stable cooperative relationship with the Ling Yue Services Group. It is familiar with the Group’s requirements and standards and could offer competitive prices to the Group.

As the Property Management Services Framework Agreement has expired and the Group has continued to engage the Ling Yue Services Group to provide the Property Management Services, the Board (including the independent non-executive Directors after considering the advice from the Independent Financial Adviser) considers that the terms of the 2023 Property Management Services Framework Agreement and the transactions contemplated thereunder are fair and reasonable, entered into on normal commercial terms or better, in the ordinary and usual course of business of the Group, and are in the interests of the Company and the Shareholders as a whole.

### **LISTING RULES IMPLICATIONS**

As at the Latest Practicable Date, Ling Yue Services is a 30%-controlled company of the Ultimate Controlling Shareholders, being the controlling shareholders of the Company under Chapter 14A of the Listing Rules. Ling Yue Services is therefore an associate of the Ultimate Controlling Shareholders under Rule 14A.13(3) of the Listing Rules. As such, the Ling Yue Services Group are connected persons of the Company under Chapter 14A of the Listing Rules. Accordingly, the entering into of the 2023 Property Management Services Framework Agreement with Ling Yue Services and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

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## LETTER FROM THE BOARD

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As the highest applicable percentage ratio in respect of the proposed annual caps under the 2023 Property Management Services Framework Agreement is more than 5%, the 2023 Property Management Services Framework Agreement and the transactions contemplated thereunder are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

### PRICING POLICY

As a general principle, the prices to be paid by the Group under the 2023 Property Management Services Framework Agreement will be determined in accordance with the following pricing principles:

- (i) for property pre-delivery and after-sales services other than management services for the display units and on-site sales office, the Group would pay the Ling Yue Services Group at a price determined with reference to:
  - (a) the Group's other contemporaneous transactions of similar services (in terms of the scope and requirement of services, the size and condition of projects, and level of difficulty of planning and design and other aspects which are relevant for price determination) carried out with Independent Third Parties; and
  - (b) prices charged by other property management companies in the PRC of comparable transactions with independent third parties (if available);
- (ii) for management services for the display units and on-site sales office, the Group would pay the Ling Yue Services Group at a price determined with reference to:
  - (a) the anticipated operation costs (including but not limited to labor costs, administration costs and costs of materials) to be incurred by the Ling Yue Services Group to provide such management services plus a reasonable profit margin rate in accordance with the prevailing standard price list maintained by the Group at the time of entering into the individual service contract under the 2023 Property Management Services Framework Agreement. The procurement department would compile a list of standard pricing terms with reference to two comparable transactions conducted between the Group and Independent Third Parties and such list would be reviewed and updated at least quarterly or more frequently if there is any material change in the market; and
  - (b) the Group's other contemporaneous transactions of similar management services carried out with Independent Third Parties;

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## LETTER FROM THE BOARD

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- (iii) for property management services for the properties owned or used by the Group, the Group would pay the Ling Yue Services Group at a fixed unit price per square meter or fixed amount per number determined with reference to:
- (a) the Group's other contemporaneous transactions of similar services (in terms of the scope and requirement of services, the location and condition of properties, and level of difficulty of management and other aspects which are relevant for price determination) carried out with Independent Third Parties;
  - (b) prices charged by other property management companies in the PRC of comparable transactions with independent third parties; and
  - (c) government-prescribed prices or guiding prices (if any) promulgated by the PRC government.

As at the Latest Practicable Date, and to the best knowledge, understanding and belief of the Directors, property management services for the properties owned or used by the Group in certain cities may be subject to government-prescribed prices or guiding prices promulgated by the PRC government, and the scope and applicability of such government-prescribed prices or guiding price standards may vary in different cities. If the Ling Yue Services Group considers that the government-prescribed prices or guiding price standards are not aligned with the market prices as mentioned in paragraph (iii)(a) and (iii)(b) above, the Ling Yue Services Group may charge such market prices subject to the registration with relevant local government authorities.

In determining the service fees payable and terms under the individual service contracts, the prices and terms offered by the Ling Yue Services Group will be reviewed and evaluated by the relevant personnel of relevant operating departments and the management of the Group and will be compared against the prices obtained through the quarterly regular price research conducted by the Group based on historical transactions with Independent Third Party(ies). Where the prices and terms of an offer from the Ling Yue Services Group are no less favorable to the Group than those offered by other Independent Third Party(ies), the Group may enter into such individual service contracts for the provision of the relevant services by the Ling Yue Services Group.

To this end, the business department of the Group will obtain comparable transactions conducted between the Group and Independent Third Parties for reference, and the heads of relevant operating departments, the chief financial officer of the Group, the executive Directors and chairman of the Board will review and approve the offer from the Ling Yue Services Group to ensure that the terms of the offer reflect the prevailing market conditions.

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## LETTER FROM THE BOARD

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The Group will keep negotiating with the Ling Yue Services Group to ensure that the prices and terms of an offer from the Ling Yue Services Group are no less favorable to the Group than those available from Independent Third Party(ies) before entering into each individual service contracts.

The Directors consider that the above relevant procedures conducted by the Group in determining the service fees payable and terms under the individual service contracts can ensure the transactions contemplated under the 2023 Property Management Services Framework Agreement will be conducted on normal commercial terms and not prejudicial to the interest of the Company and Shareholders.

### INTERNAL CONTROL MEASURES

Given the incident described in the section headed “Rectification of Breach of the Listing Rules” below, the Group has the following general internal control procedures to ensure all continuing connected transactions contemplated under the 2023 Property Management Services Framework Agreement are conducted in accordance with the requirements under Chapter 14A of the Listing Rules:

- (i) the Group’s financial department has a designated employee to monitor transactions conducted under, among others, the 2023 Property Management Services Framework Agreement and he/she will report the utilisation of the annual cap under the 2023 Property Management Services Framework Agreement to the Group’s chief financial officer on a monthly basis. When the transaction limit reaches 80% of the annual cap set under the 2023 Property Management Services Framework Agreement, he/she will promptly inform the business department of the Group and the chief financial officer such that the Group can arrange for a revision of the annual cap as appropriate, in compliance with all relevant requirements under Chapter 14A of the Listing Rules. No further transaction will be conducted in excess of the annual cap, and transactions will only resume after the Group has complied with all relevant Listing Rules requirements under Chapter 14A in relation to the revision of the annual cap;
- (ii) the internal audit department of the Group will conduct regular checks on an annual basis to review and assess whether the transactions under the 2023 Property Management Services Framework Agreement have been conducted in accordance with the terms of the relevant agreements and on normal commercial terms or better;

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## LETTER FROM THE BOARD

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- (iii) the independent non-executive Directors will conduct an annual review of the transactions under the 2023 Property Management Services Framework Agreement to ensure that the Group has complied with its internal approval procedures, terms of the respective agreement and the relevant Listing Rules; and
- (iv) the Company will engage external auditors to conduct annual review of the continuing connected transactions conducted under the 2023 Property Management Services Framework Agreement.

Given that the continuing connected transactions contemplated under the 2023 Property Management Services Framework Agreement have to strictly adhere to the pricing policy and the internal control procedures of the Group, the Board considers that these procedures and policies are effective to ensure that the proposed transactions will be conducted on normal commercial terms or better and not prejudicial to the interests of the Company and the minority Shareholders.

### **RECTIFICATION OF BREACH OF THE LISTING RULES**

#### **Reasons for Failure to Identify the Continuing Connected Transactions**

As the Property Management Services Framework Agreement expired on 31 December 2022 and the Group has continued to engage the Ling Yue Services Group to provide Property Management Services to the Group, the provision of the Property Management Services by the Ling Yue Services Group to the Group from 1 January 2023 up to the Latest Practicable Date constituted continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

From 1 January 2023 up to 31 May 2023, the service fees (exclusive of tax) of the Early Transactions amounted to approximately RMB34.3 million. As the highest applicable percentage ratio in respect of the service fees of the Early Transactions is more than 5%, the Early Transactions should be subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. As the Company had not complied with such applicable requirements prior to conducting the Early Transactions, this constituted a breach of Chapter 14A of the Listing Rules.

During the preparation of the interim results of the Group for the six months ended 30 June 2023, the financial department and business department of the Group revisited the Property Management Services Framework Agreement and the individual service contracts contemplated thereunder and discovered that the Property Management Services Framework Agreement had already expired. Due to inadvertent oversight of certain personnel of the Group in monitoring connected transactions, as a result of which the Company failed to renew the Property



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## LETTER FROM THE BOARD

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Management Services Framework Agreement before its expiration. The Board wishes to emphasize that such breach was due to unintentional and an inadvertent oversight, and the Board reiterates its belief that continuing compliance with the Listing Rules and other applicable regulatory requirements is of utmost importance.

To safeguard the interests of the Group, the Group has adopted and will continue to adhere to the following internal control procedures in respect of its continuing connected transactions with the Ling Yue Services Group:

- (i) maintaining a list of connected persons and circulating such list together with copies of the relevant extracts of the Listing Rules to the relevant personnel and senior management of the Group, and such connected persons list shall be updated by personnel/senior management of the relevant subsidiary from time to time;
- (ii) reporting any potential connected transaction to the relevant personnel and senior management of the Company in advance in order to ascertain whether there will be any implications under the Listing Rules; and
- (iii) examining the pricing of continuing connected transactions regularly to ensure such transactions under the relevant framework agreements are conducted in accordance with the pricing terms thereof. Relevant operating departments of the Company will, on a quarterly basis, review the prices obtained from or offered to Independent Third Parties and the prevailing market prices for the same type of services, as the case may be, and compare such prices with those of the continuing connected transactions under the framework agreements. The terms of the transactions shall be no less favourable to the Group than prices offered to or received from Independent Third Parties and the prevailing market prices for the same types of products or services. In the event that any revisions to the prices under the continuing connected transactions are needed, a meeting shall be held within relevant operating departments of the Company and the proposed revised price shall be reviewed and approved by the management of the Company. The continuing connected transactions shall be in line with the market pricing principle and shall be carried out on normal commercial terms, fair and reasonable and in the interest of the Company and its shareholders as a whole.

Further, to prevent reoccurrence of similar breaches of the Listing Rules in the future, the Group has/will put in place the following internal control measures:

- (i) providing regular internal trainings on the relevant requirements of connected transaction under Chapter 14A of the Listing Rules to all relevant personnel, accounting staff, internal auditor and senior management in all business departments of the Group

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## LETTER FROM THE BOARD

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to reinforce the importance of the compliance with the Listing Rules. A training on Chapter 14A of the Listing Rules has been provided by the legal advisers of the Company to the key personnel from the financial department and the business department of the Company on 26 September 2023;

- (ii) regularly reviewing, monitoring and verifying the existing database relating to continuing connected transactions (including identity of connected persons, annual cap amount, monthly transaction amount and cumulated amount etc.) to ensure accuracy. In particular, the Company has adopted a threshold reporting system to monitor the utilisation of the proposed annual caps in a timely manner. The finance department of the Company will assign additional personnel to closely monitor the actual amount of connected transactions incurred pursuant to the framework agreements and submit to the management of the Company the utilization of the proposed annual caps on a monthly basis to ensure the annual caps would not be exceeded. In the event the actual transaction amount reaches 80% of the relevant annual cap, a re-assessment will be conducted. If it is determined after such re-assessment that the annual cap may be exceeded, the management of the Company would initiate the procedures for re-complying with the relevant requirements under Chapter 14A of the Listing Rules based on the revised annual cap; and
  
- (iii) for any potential transaction(s) which may constitute new connected transaction(s) of the Group, consulting professional advisers and the Stock Exchange (where necessary) in a timely manner prior to conducting such transaction(s).

The Directors believe that the implementation of the above enhanced internal control measures will strengthen and reinforce the knowledge of the responsible staff, management and Directors in relation to connected transactions under the Listing Rules, improve the regulatory compliance abilities of the Company, and help prevent the reoccurrence of the similar incidents of non-compliance.

### **INFORMATION ON THE PARTIES TO THE 2023 PROPERTY MANAGEMENT SERVICES FRAMEWORK AGREEMENT**

#### **The Company and the Group**

The Company is an investment holding company and its subsidiaries are principally engaged in the development and sales of residential and commercial properties. In addition, the Group holds a portion of commercial properties it developed for further investment purpose and is engaged in hotel management business.

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## LETTER FROM THE BOARD

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### **Ling Yue Services**

Ling Yue Services is principally engaged in the provision of property management services, value-added services to non-property owners and community value-added services for residential and non-residential properties in the PRC. As at the Latest Practicable Date, Ling Yue Services is a 30%-controlled company of the Ultimate Controlling Shareholders.

### **GENERAL**

As Ling Yue Services is a 30%-controlled company of Mr. Liu Yuhui (an executive Director and controlling shareholder) under Chapter 14A of the Listing Rules, Mr. Liu Yuhui has abstained from voting on the Board resolution approving the 2023 Property Management Services Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps for those transactions) and the ratification of the Early Transactions due to conflict of interests.

Save as disclosed above, none of the Directors has a material interest in the 2023 Property Management Services Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps for those transactions) and the ratification of the Early Transactions and is therefore required to abstain from voting on the Board resolution approving the entering into of the 2023 Property Management Services Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps for those transactions) and the ratification of the Early Transactions.

### **CLOSURE OF REGISTER OF MEMBERS**

The Register of Members will be closed from Thursday, 30 November 2023 to Tuesday, 5 December 2023 (both days inclusive), for the purpose of determining the Shareholders' entitlement to attend and vote at the EGM scheduled to be convened and held on Tuesday, 5 December 2023. The record date will be Tuesday, 5 December 2023. In order to be eligible to attend and vote at the EGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Wednesday, 29 November 2023.

### **EGM**

The Company will convene and hold the EGM at 46/F, Tower A, Leading International Finance Center, No. 151, 2nd Tianfu Street, Gaoxin District, Chengdu, Sichuan Province, PRC on Tuesday, 5 December 2023 at 10:00 a.m., at which ordinary resolution will be proposed for the

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## LETTER FROM THE BOARD

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Independent Shareholders to consider, and, if thought fit, to approve the 2023 Property Management Services Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps for those transactions) and the ratification of the Early Transactions. The notice convening the EGM is set out on pages 45 to 46 of this circular.

Any Shareholders or their respective associates with a material interest in the 2023 Property Management Services Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps for those transactions) and the ratification of the Early Transactions shall abstain from voting at the EGM. As at the Latest Practicable Date, the Ultimate Controlling Shareholders, namely Mr. Liu Yuhui, Mr. Liu Ce, Mr. Liu Haowei, Ms. Wang Tao, Ms. Long Yiqin and Ms. Hou Sanli, by virtue of the Acting in Concert Deed through the investment holding companies controlled by them, will be entitled to exercise voting rights of 74.63% of the total number of Shares. Thus, the Ultimate Controlling Shareholders shall abstain from voting in respect of the resolution for approving the 2023 Property Management Services Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps for those transactions) and the ratification of the Early Transactions at the EGM. Save as disclosed above, as at the Latest Practicable Date, and to the best knowledge, belief and information of the Directors having made all reasonable enquiries, no other Shareholder is required under the Listing Rules to abstain from voting at the EGM.

A form of proxy for use at the EGM is enclosed with this circular. Shareholders who intend to appoint a proxy to attend the EGM shall complete and return the enclosed form of proxy in accordance with the instructions printed thereon, and deposit it with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjournment of it if you so wish.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the Shareholders at a general meeting of the Company must be taken by way of poll. Accordingly, the resolutions to be considered and, if thought fit, approved at the EGM will be voted on by way of poll by the Independent Shareholders. After conclusion of the EGM, the poll results announcement will be published on the respective websites of the Stock Exchange and the Company.

### **RESPONSIBILITY STATEMENT**

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries,

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## LETTER FROM THE BOARD

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confirm that to the best of their knowledge and belief, the information as contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

### RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 20 to 21 of this circular and the letter of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders set out on pages 22 to 37 of this circular in connection with the 2023 Property Management Services Framework Agreement, the transactions contemplated thereunder (including the proposed annual caps for those transactions) and the ratification of the Early Transactions and the principal factors and reasons considered by the Independent Financial Adviser in arriving at such advice.

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the 2023 Property Management Services Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps for those transactions) and the ratification of the Early Transactions were entered into in the ordinary and usual course of business on normal commercial terms or better and the terms thereof are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolution to approve the 2023 Property Management Services Framework Agreement, the transactions contemplated thereunder (including the proposed annual caps for those transactions) and the ratification of the Early Transactions at the EGM as set out in the notice of the EGM.

Your attention is drawn to additional information set out in Appendix I to this circular.

Yours faithfully  
By order of the Board  
**Leading Holdings Group Limited**  
**Liu Yuhui**  
*Chairman*



## Leading Holdings Group Limited

### 領地控股集團有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 6999)**

15 November 2023

*To the Independent Shareholders,*

Dear Sir or Madam,

#### **RENEWAL OF CONTINUING CONNECTED TRANSACTION**

We refer to the circular issued by the Company to the Shareholders dated 15 November 2023 (the “**Circular**”) which this letter forms part. Capitalised terms used in this letter have the same meanings as defined in the Circular unless the context otherwise requires.

We have been appointed by the Board as members of the Independent Board Committee and to advise you on whether (i) the terms of the 2023 Property Management Services Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps for those transactions); and (ii) the ratification of the Early Transactions are fair and reasonable, on normal commercial terms and in the ordinary and usual course of business of the Group, in the interests of the Company and the Shareholders as a whole, and how the Independent Shareholders should vote on the resolution at the EGM. Lego Corporate Finance Limited has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this regard.

We wish to draw your attention to the “Letter from the Board” set out on pages 6 to 19 of the Circular and the “Letter from the Independent Financial Adviser” set out on pages 22 to 37 of the Circular. Your attention is also drawn to the additional information set out in Appendix I thereto. Having taken into account (i) the terms and conditions of the 2023 Property Management Services Framework Agreement; (ii) the ratification of the Early Transactions; and (iii) the factors and reasons considered by, and the advice and recommendations of, the Independent Financial Adviser as set out in its letter of advice, we are of the opinion that (i) the terms of the 2023 Property Management Services Framework Agreement (including the proposed annual caps) are fair and reasonable; (ii) the transactions contemplated thereunder are on normal commercial terms,

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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in the ordinary and usual course of business of the Group and in the interest of the Company and the Shareholders as a whole; and (iii) the ratification of the Early Transactions is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the 2023 Property Management Services Framework Agreement, the transactions contemplated thereunder (including the proposed annual caps for those transactions) and the ratification of the Early Transactions.

Yours faithfully,  
Independent Board Committee

**Ms. Jin Xu**  
*Independent non-executive  
Director*

**Ms. Liang Yunxing**  
*Independent non-executive  
Director*

**Mr. Fang Min**  
*Independent non-executive  
Director*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the full text of the letter from the Independent Financial Adviser setting out the advice to the Independent Board Committee and the Independent Shareholders in relation to the 2023 Property Management Services Framework Agreement, the transactions contemplated thereunder (including the Proposed Annual Caps) and the ratification of the Early Transactions, which has been prepared for the purpose of inclusion in this circular.*



15 November 2023

*To: The Independent Board Committee and the Independent Shareholders  
of Leading Holdings Group Limited*

Dear Sirs and Madams,

### RENEWAL OF CONTINUING CONNECTED TRANSACTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the 2023 Property Management Services Framework Agreement, the transactions contemplated thereunder (including the annual caps (exclusive of tax) for those transactions (the “**Proposed Annual Cap(s)**”)) and the ratification of the Early Transactions, details of which are set out in the letter from the Board (“**Letter from the Board**”) contained in the circular of the Company dated 15 November 2023 (the “**Circular**”), of which this letter forms part. Unless the context otherwise requires capitalised terms used in this letter shall have the same meanings as defined in the Circular.

Reference is made to the announcement of the Company dated 28 July 2023, according to which, on 28 July 2023, the Company entered into the 2023 Property Management Services Framework Agreement with Ling Yue Services to renew the Property Management Services Framework Agreement for a term commencing from 1 January 2023 to 31 December 2025 (both days inclusive).

As at the Latest Practicable Date, Ling Yue Services was a 30%-controlled company of the Ultimate Controlling Shareholders, being the controlling shareholders of the Company under Chapter 14A of the Listing Rules. Therefore, Ling Yue Services is an associate of the Ultimate Controlling Shareholders under Rule 14A.13(3) of the Listing Rules, and the Ling Yue Services Group are connected persons of the Company as defined under Chapter 14A of the Listing Rules.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Accordingly, the entering into of the 2023 Property Management Services Framework Agreement with Ling Yue Services and the transactions contemplated thereunder (including the Proposed Annual Caps) constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio as defined under the Listing Rules in respect of the Proposed Annual Caps under the 2023 Property Management Services Framework Agreement is more than 5%, the 2023 Property Management Services Framework Agreement and the transactions contemplated thereunder (including the Proposed Annual Caps) are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve, among others, to approve the 2023 Property Management Services Framework Agreement and the transactions contemplated thereunder (including the Proposed Annual Caps) and the ratification of the Early Transactions. According to the Letter from the Board, as at the Latest Practicable Date, the Ultimate Controlling Shareholders, namely Mr. Liu Yuhui, Mr. Liu Ce, Mr. Liu Haowei, Ms. Wang Tao, Ms. Long Yiqin and Ms. Hou Sanli, by virtue of the Acting in Concert Deed through the investment holding companies controlled by them, will be entitled to exercise voting rights of 74.63% of the total number of Shares. Thus, the Ultimate Controlling Shareholders shall abstain from voting in respect of the resolution for approving the 2023 Property Management Services Framework Agreement and the transactions contemplated thereunder (including the Proposed Annual Caps) and the ratification of the Early Transactions at the EGM.

### THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee (comprising all the independent non-executive Directors) has been established to advise the Independent Shareholders in connection with the 2023 Property Management Services Framework Agreement, the transactions contemplated thereunder (including the Proposed Annual Caps) and the ratification of the Early Transactions.

We, Lego Corporate Finance Limited, have been appointed by the Company as the Independent Financial Adviser in accordance with the requirements of the Listing Rules to advise the Independent Board Committee and the Independent Shareholders in relation to the 2023 Property Management Services Framework Agreement and the transactions contemplated thereunder (including the Proposed Annual Caps) and the ratification of the Early Transactions, and to make a recommendation as to, among others, whether the terms of the 2023 Property Management Services Framework Agreement, the transactions contemplated thereunder (including the Proposed Annual Caps) and the ratification of the Early Transactions are fair and reasonable so far as the Independent Shareholders are concerned and the entering into of such transactions are in the interests of the Company and the Independent Shareholders as a whole.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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During the past two years, save for the engagement in connection with the 2023 Property Management Services Framework Agreement, the transactions contemplated thereunder (including the Proposed Annual Caps) and the ratification of the Early Transactions, we had not been engaged by the Company for the provision of any other services that would affect our independence. As at the Latest Practicable Date, save for the normal professional fees for our services provided to the Company in relation to the engagement described above, there were no other arrangements whereby we would receive any fees and/or benefits from the Group and therefore, we consider such relationship would not affect our independence. We were not aware of any relationships or interests between us and the Group, Ling Yue Services Group or any of their respective substantial shareholders, directors or chief executives, or any of their respective associates that could reasonably be regarded as relevant to our independence. We are independent under Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in connection with the 2023 Property Management Services Framework Agreement, the transactions contemplated thereunder (including the Proposed Annual Caps) and the ratification of the Early Transactions.

### **BASIS OF OUR ADVICE**

In formulating our opinions and recommendations, we have reviewed, inter alia, the listing prospectus of the Company dated 26 November 2020, the announcement of the Company dated 28 July 2023, the Property Management Services Framework Agreement and the 2023 Property Management Services Framework Agreement. We have also reviewed certain information provided by the management of the Company (the “**Management**”) relating to the operations, financial conditions and prospects of the Group. We have also (i) considered such other information, analyses and market data which we deemed relevant; and (ii) conducted verbal discussions with the management of the Company regarding the terms of the transactions contemplated under the 2023 Property Management Services Framework Agreement, and the businesses and future outlook of the Group. We have taken reasonable steps to ensure that such information and statements, and any representation made to us, which we have relied upon in formulating our opinions, are true, accurate and complete in all material respects as of the date hereof and the Shareholders will be notified of any material changes (if any) as soon as possible.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other material facts not contained in the Circular, the omission of which would make any statement herein or in the Circular misleading. We consider that we have been provided with, and we have reviewed, all currently available information and documents which are available under present circumstances to enable us to reach an informed view regarding the terms of, and reasons for entering into the 2023 Property Management Services

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Framework Agreement, the transactions contemplated thereunder (including the Proposed Annual Caps) and the ratification of the Early Transactions to justify reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis of our opinion. We have no reasons to suspect that any material information has been withheld by the Directors or the Management, or is misleading, untrue or inaccurate. We have not, however, for the purpose of this exercise, conducted any independent detailed investigation or audit into the business or affairs or future prospects of the Group. Our opinion is necessarily based on financial, economic, market and other conditions in effect, and the information made available to us, at the Latest Practicable Date.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In arriving at our recommendations in respect of the entering into of the transactions contemplated under the 2023 Property Management Services Framework Agreement, we have taken into consideration of the following principal factors and reasons:

#### **1. Information on the Company, the Group and Ling Yue Services**

The Company is an investment holding company and its subsidiaries are principally engaged in the development and sales of residential and commercial properties. In addition, the Group holds a portion of commercial properties it developed for further investment purpose and is engaged in hotel management business.

According to the Letter from the Board, Ling Yue Services is principally engaged in the provision of property management services, value-added services to non-property owners and community value-added services for residential and non-residential properties in the PRC. As at the Latest Practicable Date, Ling Yue Services was a 30%-controlled company of the Ultimate Controlling Shareholders.

#### **2. Reasons for and benefits of entering into the 2023 Property Management Services Framework Agreement and the transactions contemplated thereunder**

The Ling Yue Services Group has extensive experience in on-site management of construction sites, display units and on-site sales offices and property management of properties and carparks. Based on our research conducted from the public domain, established in 2002, Lingyue Property, being an indirect wholly-owned subsidiary of Ling Yue Services, has rewarded a number of awards and recognitions within the property management industry in the PRC. For instance, Lingyue Property has been selected by the China Index Academy Institution (<https://www.cih-index.com/>), a well-known research company specialised in providing market information and research analyses as well as compiling different industrial indices for the real estate market in the PRC, as one of the Top 100 Property Services Providers in China consecutively for five years from 2017 to 2021. In

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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2022, Lingyue Property Group was jointly selected by a committee formed with participants of different professions as one of the Top 100 Property Management Brands in China based on various criteria including but not limited to operation scale, financial conditions, policies and customers' perceptions. On the other hand, the Group has established a long and stable ongoing business cooperative relationship with the Ling Yue Services Group.

As the Property Management Services Framework Agreement has expired, considering the recognised expertise of the Ling Yue Services Group in property management and the well-established business relationship between the Group and the Ling Yue Services Group, we are of the view that the entering into of the 2023 Property Management Services Framework Agreement and the transactions contemplated thereunder (including the Proposed Annual Caps), as well as the ratification of the Early Transactions, will allow the Group to continue to benefit from the expertise and Property Management Services of the Ling Yue Services Group which are in turn essential to the Group's principal businesses and properties, and are in the interests of the Company and the Independent Shareholders as a whole.

### **3. Principal terms of the 2023 Property Management Services Framework Agreement and the transactions contemplated thereunder**

On 28 July 2023 (after trading hours), the Group and Ling Yue Services entered into the 2023 Property Management Services Framework Agreement pursuant to which the Ling Yue Services Group will provide Property Management Services including (i) property pre-delivery and after-sales services other than management services for the display units and on-site sales office (the "**Pre-delivery and After-sales Services**"); (ii) the management services for the display units and on-site sales offices (the "**Display Units and On-site Sales Offices Services**"); and (iii) the property management services for the properties owned or used by the Group (the "**Other Services**") for a fixed term commencing from 1 January 2023 to 31 December 2025 (both days inclusive). Further details of the terms of the 2023 Property Management Services Framework Agreement are set out in the section headed "2023 PROPERTY MANAGEMENT SERVICES FRAMEWORK AGREEMENT" of the Letter from the Board.

#### ***(i) The Pre-delivery and After-sales Services***

As set out in the Letter from the Board, the prices to be paid by the Group in respect of the Pre-delivery and After-sales Services will be determined with reference to factors including but not limited to the scope and requirement of services, the size and condition of projects, as well as prices charged by other property management companies in the PRC of comparable transactions with the Independent Third Parties.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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In assessing the fairness and reasonableness of the terms of the Pre-delivery and After-sales Services under the 2023 Property Management Services Framework Agreement, we have reviewed five sample agreements entered into by the Group with the Lingyue Property Group during the period from 16 November 2020 up to and including 31 December 2022 (the “**Review Period**”) in respect of provision of the Pre-delivery and After-sales Services under the Property Management Services Framework Agreement (the “**Pre-Delivery and After-sales Sample Agreements**”). Initially, for our assessment purpose, we attempted to make reference to the corresponding sample agreements entered into by the Group with the Independent Third Parties during the Review Period in respect of services in terms of the scope and requirements and properties in terms of location and size comparable to those under the Property Management Services Framework Agreement. Yet, as advised by the Management, no such agreements had been entered into by the Group or the Ling Yue Services Group (including the Lingyue Property Group) with the Independent Third Parties. Nevertheless, we have reviewed the pricing terms provided by other independent property management companies in the PRC for the similar services comparable to those under the Pre-Delivery and After-sales Sample Agreements during the Review Period (the “**Pre-Delivery and After-sales Market Prices**”), which were obtained from time to time and taken into consideration by the Lingyue Property Group. For our diligence purpose, we have further conducted research on the abovementioned independent property management companies and noted that they all have a long establishment history of not less than 18 years, and most of them are listed companies in Hong Kong with various recognitions and/or awards within the property management industry in the PRC. For our assessment purpose, we have then compared the pricing terms underlying the Pre-Delivery and After-sales Sample Agreements to the Pre-Delivery and After-sales Market Prices. Based on our assessment, the pricing terms offered by the Lingyue Property Group to the Group in respect of the Pre-delivery and After-sales Services are no less favourable than the Pre-Delivery and After-sales Market Prices.

### *(ii) The Display Units and On-site Sales Offices Services*

As set out in the Letter from the Board, the prices to be paid by the Group in respect of the Display Units and On-Site Sales Offices Services will be determined with reference to, among others, the anticipated operation costs to be incurred by the Ling Yue Services Group to provide such services plus a reasonable profit margin rate.

In assessing the fairness and reasonableness of the terms of the Display Units and On-Site Sales Offices Services under the 2023 Property Management Services Framework Agreement, we have reviewed five sample agreements entered into by the Group with the Lingyue Property Group in respect of the Display Units and On-Site Sales Offices Services under the Property Management Services Framework Agreement or remained effective during the Review Period (the “**Display Units and On-Site Sales Offices Sample Agreements**”), and compared the underlying pricing terms to those offered to the Group under all corresponding sample agreements entered into by the

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Group with the Independent Third Parties during the Review Period in respect of similar services in terms of scope and requirements and properties in terms of location and size. Based on our assessment, the profit margin rates charged by the Lingyue Property Group to the Group in respect of the Display Units and On-Site Sales Offices Services are no less favourable than those offered to the Group by the Independent Third Parties.

### *(iii) The Other Services*

Based on our discussions with the Management, in selecting the service providers for the Other Services, the Group will mainly go through its standard and systematic tendering procedures, which apply to tenders submitted by both the connected persons and independent third parties of the Group, and select the best offer by referencing to various factors including price quotations, bidder's credentials and/or the level of service contents to be offered in terms of, among others, scale of labour and equipment with reference to the required scope and requirement of services and size and locations of the projects.

In assessing the fairness and reasonableness of the terms of the Other Services under the 2023 Property Management Services Framework Agreement, we have reviewed a total of four sets of relevant documents in relation to the tenders awarded by the Group to the Lingyue Property Group during the Review Period in respect of the provision of the Other Services under the Property Management Services Framework Agreement (the “**Other Services Sample Documents**”). Each set of the Other Services Sample Documents reviewed by us comprised documents including (i) the relevant tender document compiled by the Group setting out, among others, the specifications, requirements and instructions of the tender; (ii) the evaluation reports compiled by a group of independent experts setting out, among others, the price quotations offered by the tender participants and the assessment of them; and (iii) the memorandum/notification of award. Based on our assessment, in each of the tenders under the Other Services Sample Documents, there were no less than three participants and the pricing terms offered by the Lingyue Property Group to the Group in respect of the Other Services were no less favourable to the Group than those offered by the independent third parties.

In view of the above, we consider that the terms of the 2023 Property Management Services Framework Agreement are fair and reasonable and on normal commercial terms.

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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**4. The Proposed Annual Caps for the three years ending 31 December 2025**

Table 1 below sets out (i) the historical transaction amounts (exclusive of tax) for the period from the three years ended 31 December 2022; (ii) the previous annual caps for the three years ended 31 December 2022 under the Property Management Services Framework Agreement (the “**Previous Annual Cap(s)**”); and (iii) the Proposed Annual Caps for the three years ending 31 December 2025 under the 2023 Property Management Services Framework Agreement.

**Table 1: A summary of the historical transaction amounts (exclusive of tax), the Previous Annual Caps and the Proposed Annual Caps**

Historical transaction amounts for the year ended 31 December (Approximate)			Previous Annual Cap for the year ended 31 December (Approximate)			Proposed Annual Cap for the year ending 31 December (Approximate)		
2020 (RMB)	2021 (RMB)	2022 (RMB)	2020 (RMB)	2021 (RMB)	2022 (RMB)	2023 (RMB)	2024 (RMB)	2025 (RMB)
95,500,000	127,300,000	111,570,000	95,700,000	128,000,000	151,900,000	129,000,000	152,000,000	182,000,000

According to Table 1, the respective historical transaction amounts conducted under the Property Management Services Framework Agreement for the three years ended 31 December 2022 were approximately RMB95.5 million, approximately RMB127.3 million and approximately RMB111.6 million, respectively representing utilisation rates of approximately 99.8%, approximately 99.5% and approximately 73.5% of the respective corresponding Previous Annual Caps. The Proposed Annual Cap for the year ending 31 December 2023 of approximately RMB129.0 million represents a slight increase of approximately 15.6% from the historical transaction amount conducted for the preceding year, and is expected to increase during the two years ending 31 December 2025.

We have reviewed the relevant calculations provided by the Management and noted that the Proposed Annual Cap for each of the three years ending 31 December 2025 principally comprises the respective estimated transaction amounts to be conducted from (i) the Display Units and On-site Sales Offices Services; (ii) the Pre-delivery and After-sales Services; and (iii) the Other Services in the relevant year. further details of which are set out below respectively.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*(i) The estimated transaction amounts to be conducted from the Display Units and On-site Sales Office Services*

Based on our review of the relevant calculations, the estimated transaction amounts to be conducted from the Display Unit and On-site Sales Office Services for the three years ending 31 December 2025 were determined primarily with reference to (i) the estimated transaction amount for the year ending 31 December 2023; and (ii) an anticipated annual increase in the transaction amount of approximately 27.9% for each of the two years ending 31 December 2025.

We understand that in estimating the transaction amount for the Display Unit and On-site Sales Office Services for the year ending 31 December 2023, the Management has made reference to (i) the estimated number of property projects to be requiring such services in the year ending 31 December 2023 with reference to the latest property development plan of the Group; and (ii) the anticipated amount of fee for such services per each display unit and on-site sales office in the year ending 31 December 2023 with reference to the historical unit fee per display unit and on-site sales office for the year ended 31 December 2022. We have, in this regard, reviewed the list of property projects expected to be requiring the Display Unit and On-site Sales Office Services for the year ending 31 December 2023, and noticed that such projects include those launched by the Group in the previous years and expected to remain saleable and accordingly require the Display Unit and On-site Sales Office Services in the year ending 31 December 2023, as well as those new property projects expected to be newly launched in the year ending 31 December 2023.

On the other hand, we understand that the anticipated annual increase of approximately 27.9% in the estimated transaction amounts for each of the two years ending 31 December 2025 is equivalent to the average annual increase in the historical transaction amount for the Display Unit and On-site Sales Office Services for the years from 2018 to 2021. As advised by the Management, due to, among others, the then fluctuating COVID-2019 pandemic situation and challenging business environment, the performance of the overall Chinese real estate market in 2022 was mostly deviated from that in the previous years, whereby delay has been resulted in the sales and development schedule of the property projects of the Group as well as the delivery of the display units and sales offices. The Management consider that the abovementioned non-recurring matters have been relieved and the overall real estate market has been improving since 2023, and accordingly has excluded the trend of the historical transaction amount for the year ended 31 December 2022 from its estimation for the annual growth in the transaction amounts in the three years ending 31 December 2025.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We have, in this regard, conducted research on the development of the Chinese real estate market. In July 2022, the proposal of “guaranteed delivery of properties\* (保交樓)” housing policy (the “**Policy**”) was first introduced by the PRC government, pursuant to which “housing properties are for accommodation, not for speculation”. It was emphasised that such housing policy shall continue to be the core principle of the real estate industry development in the PRC and various provincial supporting policies shall be established from time to time by the central government to help stimulate the confidence in, and enhance the stability of the overall real estate market in the PRC. During the news conference held by the People’s Bank of China (the “**PBOC**”) on 14 July 2023, Mr. Zhou Lan, head of monetary policy department at the PBOC, advised that the financial sector has been cooperating with the relevant departments to increase support for the Policy and maintain the stability of the key real estate financing channels. Mr. Zhou further advised that the real estate market has been stable overall in 2023; and going forward, the PBOC will adhere to the positioning of the Policy and cooperate with the relevant department and local governments to ensure the delivery of buildings, livelihood and security of work of the people, as well as to continue supporting the financial needs of the real estate industry and orderly mitigating any industrial risks. Specifically, on 25 August 2023, the Ministry of Housing and Urban-Rural Development of the PRC, the PBOC and the State Administration of Financial Supervision\* (“**金融監管總局**”) of the PRC jointly issued “The Notice on Optimising the Standards for Determining the Number of Housing Units in Personal Housing Loans\*” (《關於優化個人住房貸款中住房套數認定標準的通知》), pursuant to which the mortgage rule in the PRC has been eased such that households with at least one member who does not have a home registered under their names can now be counted as “first-time buyers” and qualify for lower mortgage rates. Taking into account the supportive national policies to stimulate the real estate market and the generally improved COVID-2019 pandemic situation across the globe, we consider that the basis for the estimation of the annual growth in the transaction amounts for the three years ending 31 December 2025 is justifiably reasonable.

Based on the above, we consider that the estimated transaction amounts for the Display Unit and On-site Sales Office Services for the three years ending 31 December 2025 are fair and reasonable.

*(ii) The estimated transaction amounts to be conducted from the Pre-delivery and After-sales Services*

As advised by the Management, the Pre-delivery and After-sales Services to be required from the Ling Yue Services Group for the three years ending 31 December 2025 principally comprise the property pre-delivery and after-sales services other than the Display Units and On-site Sales Offices Services.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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In respect of the estimated transaction amount for the year ending 31 December 2023, the Management has primarily made reference to (i) the estimated total area of the properties that would require the respective Pre-delivery and After-sales Services in 2023, which would in turn be the estimated total saleable area of properties to be delivered in 2023; and (ii) the estimated unit prices of the respective services to be charged per square meter in 2023 as primarily estimated with reference to the relevant historical property projects and the experience of the Group and the Ling Yue Services Group (including the Lingyue Property Group). For our due diligence purpose, we have reviewed the expected development plan of the Group including the list of the relevant properties expected to be sold and delivered by the Group in 2023 as well as other details including the total saleable area of the respective underlying properties, and noted that the total saleable area of the relevant properties applied by the Management in estimating the transaction amount for the year ending 31 December 2023 is in line with that to be delivered by the Group in 2023.

On the other hand, in estimating the transaction amounts for the respective Pre-delivery and After-sales Services for each of the two years ending 31 December 2025, we noted that the Management has made reference to (i) the aforesaid respective estimated transaction amounts for the year ending 31 December 2023; and (ii) an anticipated annual increase of approximately 20.9% in the estimated transaction amount as attributable to the estimated annual increase in the total saleable area of properties to be delivered for each of the two years ending 31 December 2025. As advised by the Management, the aforesaid anticipated annual increase of approximately 20.9% was in turn derived from the average annual increase in the total saleable area of the Group's properties that had demanded the property services from the Lingyue Property Group (the "**Historical Relevant Saleable Area**") for the years 2020 to 2022. We have, in this regard, reviewed the Historical Relevant Saleable Area for each of 2020 to 2022, and noted that the average annual increase in such saleable area is in line with the anticipated annual increase of 20.9% applied by the Management when estimating the transaction amounts for the respective Pre-delivery and After-sales Services for each of the two years ending 31 December 2025.

Based on the above, we are of the view that the estimated transaction amounts for the Pre-delivery and After-sales Services for the three years ending 31 December 2025 are fair and reasonable.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*(iii) The estimated transaction amounts for the Other Services*

Based on our discussions with the Management, we understand that the estimated transaction amount for the Other Services for each of the three years ending 31 December 2025 primarily comprises the estimated transaction amounts for the property management services provided by the Ling Yue Services Group to (i) the vacant units of the properties owned by the Group before they are sold or rent out after the expiry of the preceding tenancy (the “**Other Services A**”) for the relevant year; and (ii) a portion of a commercial building currently occupied and used by the Group (the “**Other Services B**”), respectively, for the relevant year.

According to our review of the relevant calculations, we noted that the estimated transaction amounts for the Other Services A for the three years ending 31 December 2025 are further divided into the estimated transaction amounts to be incurred by (i) those properties of the Group launched previously and remained unsold or in respect of those properties for rent, there had been idle periods between two tenancies and accordingly had demanded the Other Services A in 2022, which, as anticipated by the Management, a decreasing portion of which would remain to require the Other Service A throughout the three years ending 31 December 2025 (the “**Existing Properties**”); and (ii) those properties of the Group which are planned to be first sold and delivered by the Group and accordingly would newly require the Other Services A in each of the three years ending 31 December 2025 (the “**Additional Properties**”).

In estimating the transaction amount for the Existing Properties for each of the three years ending 31 December 2025, the Management has mainly taken into account (i) the historical transaction amount for the Existing Properties for the year ended 31 December 2022; and (ii) an anticipated annual decline rate in the total saleable area of the Existing Properties, which would be sold and accordingly cease to require any Other Services A during the three years ending 31 December 2025. We have, in this regard, reviewed the historical transaction amount for the Existing Properties for the year ended 31 December 2022 and learnt that such approximate sales rate was estimated with reference to the historical sales information gathered by the Group in respect of the Existing Properties.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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In respect of the Additional Properties, we noted that the Management has first estimated the transaction amount for the year ending 31 December 2023 primarily based on the delivery and sales schedule of the Group, the expected area of the Additional Properties requiring the Other Services A and the expected unit prices for the Other Services A to be charged for different properties in 2023, as estimated with reference to the guiding prices previously consented by the PRC government for the similar historical property projects. For our due diligence purpose, we have also reviewed the list of the Additional Properties expected to be first sold and delivered by the Group in 2023 with details including but not limited to the respective expected months of delivery and accordingly the expected number of months being idle and requiring the Other Services A in 2023, the expected saleable area and expected sales rate and accordingly the expected area requiring the Other Services A, and the expected unit prices for the Other Services A for different properties. We have further enquired with the Management and learnt that the applied sales rates were estimated based on the historical sales rates gathered by the Group in respect of properties of similar attributes.

In respect of the estimated transaction amount for the Additional Properties for the two years ending 31 December 2025, the Management has primarily made reference to (i) the aforesaid estimated transaction amount for the Additional Properties for the year ending 31 December 2023; and (ii) an anticipated annual increase of approximately 20.9% in the estimated transaction amount as attributable to the estimated annual increase in the total saleable area of properties to be delivered and accordingly requiring the Other Services A for each of the two years ending 31 December 2025. As advised by the Management, the aforesaid anticipated annual increase of approximately 20.9% was in turn derived from the average annual increase in the Historical Relevant Saleable Area for years 2020 to 2022 as previously analysed. We have, in this regard, reviewed the Historical Relevant Saleable Area for each of 2020 to 2022, and noted that the anticipated annual increase of 20.9% applied by the Management when estimating the transaction amount for the Other Services A in respect of the Additional Properties is in line with the historical average annual increase in such saleable area.

Based on the above, we consider that the estimated transaction amounts for the Other Services A for the three years ending 31 December 2025 are fair and reasonable.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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On the other hand, we understand that the Group has engaged the Lingyue Property Group for providing the Other Services B in respect of a portion of the commercial building that had been occupied and used by the Group for each of the three years ended 31 December 2022, and is intended to continue such engagement with the Ling Yue Services Group for each of the three years ending 31 December 2025. In estimating the transaction amounts for the three years ending 31 December 2025, we noted that the Management has first estimated the transaction amount for the year ending 31 December 2023 based on the expected monthly fee to be charged by the Ling Yue Services Group in 2023 with reference to their latest negotiations, and then estimated the relevant transaction amount for each of the two years ending 31 December 2025 based on (i) the aforesaid estimated transaction amount for the year ending 31 December 2023; and (ii) a small buffer of approximately 1.7% allowed for the potential fluctuations in the monthly fee to be charged by the Ling Yue Services Group for the Other Services B during each of the two years ending 31 December 2025. For our due diligence purpose, we have reviewed the relevant agreement entered into between the Group and Lingyue Property Group for the provision of the Other Services B in 2022 as well as the relevant document in relation to the potential engagement for 2023, and noted that (i) the relevant properties and service scope under the potential engagement to be entered into for 2023 are substantially the same as that under the engagement entered for 2022; and (ii) the potential buffer of approximately 1.7% allowed for each year during the two years ending 31 December 2025 is in line with the increase in the expected monthly fee to be charged by the Ling Yue Services Group for the Other Services B for the year ending 31 December 2023 from that actually charged in the year ended 31 December 2022. Based on the above, we consider that the estimated transaction amounts for the Other Service B for the three years ending 31 December 2025 are fair and reasonable.

In light of the foregoing, we consider that the estimated transaction amounts for the Other Services for the three years ending 31 December 2025 are fair and reasonable.

Based on the above, we are of the view that the determination of the Proposed Annual Caps for the three years ending 31 December 2025 are fair and reasonable.

### **5. Internal control measures**

In order to safeguard the interests of the Group, the Group will adopt a series of internal control measures in respect of the transactions contemplated under the 2023 Property Management Services Framework Agreement. For further details of the aforesaid internal control measures, please refer to the section headed “INTERNAL CONTROL MEASURES” and the section headed “RECTIFICATION OF BREACH OF THE LISTING RULES” in the Letter from the Board.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Among others, we noted that regular monitoring of the prices will be carried out by the Group and segregation of duties will be applied at different stages of the pricing procedures of the 2023 Property Management Framework Agreement. In particular, the relevant operating departments of the Company shall be responsible for reviewing the prices to be offered under the 2023 Property Management Services Framework and comparing them against the prices obtained from or offered to independent third parties and the prevailing market prices for the same type of services, as the case maybe; where as in the event that any revisions to the prices are needed, the revised prices to be proposed by the relevant operating departments shall be further reviewed and approved separately by the Management, thereby preventing any department from gaining complete control over the pricing process and reducing the risks of frauds and errors. In addition, annual review by the internal audit department of the Group, as well as annual reviews by the independent non-executive Directors and auditors of the Company on the transactions contemplated under the 2023 Property Management Framework Agreement will be carried out to ensure the compliance with the terms thereof.

Also, we noted that internal control procedures will be carried out by the Group to regularly monitor the utilisation of the Proposed Annual Caps in order to ensure that they are not exceeded. Specifically, with reference to the Letter from the Board, the Group has designated an employee of the finance department to monitor the transactions conducted under the 2023 Property Management Services Framework Agreement and report to the Group's chief financial officer the utilisation of the Proposed Annual Caps on a monthly basis. When the transaction limit reaches 80% of the Proposed Annual Cap, the designated employee will promptly inform the business department and the chief financial officer of the Group such that the Group can arrange for a revision of the annual caps as appropriate. Therefore, no further transaction will be conducted in excess of the Proposed Annual Caps, and transactions will only resume after the Group has complied with all relevant requirements under Chapter 14A of the Listing Rules in relation to the revision of the annual cap.

Further, in order to prevent reoccurrence of similar breaches of the Listing Rules. the Group has/will put in place several internal control measures. For instance, among others, a training on Chapter 14A of the Listing Rules has been provided by the legal advisers of the Company to the key personnel of the Company on 26 September 2023, and regular internal trainings will be provided to all relevant personnel, accounting staff, internal auditor and senior management of the Group; regular review, monitoring and verification will be conducted in respect of the data base relating to the continuing connected transactions to ensure the accuracy of the information; additional personnel will be assigned to monitor the actual amount of the connected transactions and the utilisation of the Proposed Annual Caps; and consultations with the Stock Exchange will be made in a timely manner when necessary.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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In light of the foregoing, we are of the view that there will be appropriate measures in place to govern the conduct of the transactions contemplated under the 2023 Property Management Services Framework Agreement.

### RECOMMENDATIONS

Having considered the above principal factors and reasons, we are of the view that the 2023 Property Management Services Framework Agreement and the transactions contemplated thereunder (including the Proposed Annual Caps) have been, and will be, conducted in the ordinary and usual course of business of the Group, and the terms of the 2023 Property Management Services Framework Agreement and the transactions contemplated thereunder (including the Proposed Annual Caps) are on normal commercial terms, fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole. Also, the ratification of the Early Transactions is fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we advise the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the resolution(s) to be proposed for approving the 2023 Property Management Services Framework Agreement, and the transactions contemplated thereunder (including the Proposed Annual Caps) and the ratification of the Early Transactions at the EGM.

Yours faithfully,  
For and on behalf of  
**Lego Corporate Finance Limited**  
**Billy Tang**  
*Managing Director*

*Mr. Billy Tang is a licensed person registered with the Securities and Futures Commission and a responsible officer of Lego Corporate Finance Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 20 years of experience in the accounting and investment banking industries.*

## 1. DISCLOSURE OF INTERESTS OF DIRECTORS

### (a) Interests and short positions of the Directors and the chief executives of the Company in the share capital and associated corporations of the Company

As at the Latest Practicable Date, the interests or short positions of the Directors and the chief executives in the Shares, underlying Shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

#### *Interests in Shares and underlying Shares:*

Name of Director	Nature of interest	Number of Shares held <sup>(1)</sup>	Percentage of issued voting shares of the Company <sup>(2)</sup>
Liu Yuhui <sup>(3)(4)</sup>	Interest in controlled corporation	766,374,000 (L)	74.63%

#### *Notes:*

- (1) The letter “L” denotes the person’s long position in the Shares.
- (2) Calculated on the basis of 1,026,945,000 Shares in issue as at the Latest Practicable Date.
- (3) Pursuant to the Acting in Concert Deed, the Ultimate Controlling Shareholders have agreed and confirmed, among other things, from the date when they became the registered owners and/or beneficial owners of the equity interests in Rong Liang Group and/or Liang Yuan Enterprise Management until after Listing and to the date when any one of them cease to be the controlling shareholders of the Company: (a) they had been and would continue to be parties acting in concert and they have agreed to consult with each other and reach an unanimous consensus among themselves before the decision, implementation and agreement on all material management affairs, votings and/or commercial decisions, including but not limited to financial and operational matters, of any member of the Group; (b) they had casted and would continue to cast their votes as directors and/or shareholders (as appropriate) unanimously for or against all resolutions in all board and shareholders’ meetings and discussions of any member of the Group; and (c) they had cooperated and would continue to cooperate with one another to acquire, maintain and consolidate the control and management of the Group. By virtue of the SFO, each of the Ultimate Controlling Shareholders together with their respective investment holding companies (being Yuan Di, Fan Tai, Jin Sha Jiang, Yue Lai, Ling Yue, Lian Rong, San Jiang Yuan, Fu Sheng and Shan Yuan) are all deemed to be interested in the total Shares directly held by Yuan Di, Fan Tai, Jin Sha Jiang, Yue Lai, Ling Yue, Lian Rong, San Jiang Yuan, Fu Sheng and Shan Yuan. Therefore, Mr. Liu Yuhui is deemed to be interested in the Shares held by Yuan Di, Fan Tai, Jin Sha Jiang, Yue Lai, Ling Yue, Lian Rong, San Jiang Yuan, Fu Sheng and Shan Yuan for the purpose of Part XV of the SFO.



*Interests in Shares and underlying Shares of the company's associated corporations (long position):*

<b>Name of Director</b>	<b>Name of associated corporation</b>	<b>Nature of interest</b>	<b>Number of Shares held</b>	<b>Approximate percentage of interest</b>
Liu Yuhui	Jin Sha Jiang	Beneficial owner	1	100.00%
	Yue Lai	Beneficial owner	1	100.00%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company had, or were deemed to have, any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO), or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company or any of their spouses or children under the age of 18 were interested, or were deemed to be interested in the long and short positions in the Shares, underlying Shares and debentures of the Company or any of its holding company, subsidiaries or other associated corporation (within the meaning of Part XV of the SFO) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or were required pursuant to the Model Code to be notified to the Company and the Stock Exchange. At no time had the Company or any of its holding company or subsidiaries been participated in any arrangements to enable the directors or chief executive (including their spouses or children under the age of 18) of the Company to acquire any interests and short positions of Shares or underlying Shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO).

**(b) Interests and short positions of substantial Shareholders and other parties in the Shares and underlying Shares**

As at the Latest Practicable Date, other than the interests and short positions of certain directors and chief executives as disclosed under the paragraph above, the interests and short positions of persons in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying

rights to vote in all circumstances at general meetings of any other members of the Group, or substantial shareholders as recorded in the register of substantial shareholder required to be kept by the Company under section 336 of the SFO were as follows:

*Long positions in Shares and underlying Shares:*

<b>Name of Shareholder</b>	<b>Nature of interest/Capacity</b>	<b>Number of Shares held<sup>(1)</sup></b>	<b>Approximate percentage of interest in the Company<sup>(2)</sup></b>
Mr. Liu Ce <sup>(3)(4)</sup>	Interest in controlled corporation	766,374,000 (L)	74.63%
Yuan Di <sup>(3)(4)</sup>	Beneficial owner	209,088,000 (L)	20.36%
Mr. Liu Haowei <sup>(3)(5)</sup>	Interest of a controlled corporation	766,374,000 (L)	74.63%
Ling Yue <sup>(3)(5)</sup>	Beneficial owner	209,162,250 (L)	20.37%
Ms. Wang Tao <sup>(3)(6)</sup>	Interest in controlled corporation	766,374,000 (L)	74.63%
Ms. Long Yiqin <sup>(3)(7)</sup>	Interest in controlled corporation	766,374,000 (L)	74.63%
Ms. Hou Sanli <sup>(3)(8)</sup>	Interest in controlled corporation	766,374,000 (L)	74.63%
Ms. Lan Tian <sup>(9)</sup>	Interest of spouse	766,374,000 (L)	74.63%
Mr. Liu Yuqi <sup>(10)</sup>	Interest of spouse	766,374,000 (L)	74.63%
Mr. Liu Shan <sup>(11)</sup>	Interest of spouse	766,374,000 (L)	74.63%
Ms. Chen Ao Ao <sup>(12)</sup>	Interest of spouse	766,374,000 (L)	74.63%
Jin Sha Jiang <sup>(3)</sup>	Beneficial owner	232,587,000 (L)	22.65%

*Notes:*

- (1) The letter “L” denotes the person’s long position in the Shares.
- (2) Calculated on the basis of 1,026,945,000 Shares in issue as at the Latest Practicable Date.
- (3) Pursuant to the Acting in Concert Deed, the Ultimate Controlling Shareholders have agreed and confirmed, among other things, from the date when they became the registered owners and/or beneficial owners of the equity interests in Rong Liang Group and/or Liang Yuan Enterprise Management until after Listing and to the date when any one of them cease to be the controlling shareholders of the Company; (a) they had been and would continue to be parties acting in concert and they have agreed to consult with each other and reach an unanimous consensus among themselves before the decision, implementation and agreement on all material management affairs, votings and/or commercial decisions, including but not limited to financial and operational matters, of any member of the Group; (b) they had casted and would continue to cast their votes as directors and/or shareholders (as appropriate) unanimously for or against all resolutions in all board and shareholders’ meetings and discussions of any member of the Group; and (c) they had cooperated and would continue to cooperate with one another to acquire, maintain and consolidate the control and management of the Group. By virtue of the SFO, each of the Ultimate Controlling Shareholders together with their respective investment holding companies (being Yuan Di, Fan Tai, Yue Lai, Jin Sha Jiang, Ling Yue, Lian Rong, San Jiang Yuan, Fu Sheng and Shan Yuan) are all deemed to be interested in the total Shares directly held by Yuan Di, Fan Tai, Jin Sha Jiang, Yue Lai, Ling Yue, Lian Rong, San Jiang Yuan, Fu Sheng and Shan Yuan.
- (4) 209,088,000 and 37,125,000 Shares are held by Yuan Di and Fan Tai, respectively. Yuan Di and Fan Tai are wholly owned by Mr. Liu Ce. By virtue of SFO, Mr. Liu Ce is deemed to be interested in the Shares held by Yuan Di and Fan Tai.
- (5) 209,162,250 and 37,125,000 Shares are held by Ling Yue and Lian Rong, respectively. Ling Yue and Lian Rong are wholly owned by Mr. Liu Haowei. By virtue of SFO, Mr. Liu Haowei is deemed to be interested in the Shares held by Ling Yue and Lian Rong.
- (6) 1,262,250 Shares are held by San Jiang Yuan, which is in turn wholly owned by Ms. Wang Tao. By virtue of SFO, Ms. Wang Tao is deemed to be interested in the Shares held by San Jiang Yuan.
- (7) 1,262,250 Shares are held by Fu Sheng, which is in turn wholly owned by Ms. Long Yiqin. By virtue of SFO, Ms. Long Yiqin is deemed to be interested in the Shares held by Fu Sheng.
- (8) 1,262,250 Shares are held by Shan Yuan, which is in turn wholly owned by Ms. Hou Sanli. By virtue of SFO, Ms. Hou Sanli is deemed to be interested in the Shares held by Shan Yuan.
- (9) Ms. Lan Tian, the spouse of Mr. Liu Ce, is deemed to be interested in all the Shares that Mr. Liu Ce is interested in by virtue of the SFO.
- (10) Mr. Liu Yuqi, the spouse of Ms. Hou Sanli, is deemed to be interested in all the Shares that Ms. Hou Sanli is interested in by virtue of the SFO.
- (11) Mr. Liu Shan, the spouse of Ms. Wang Tao, is deemed to be interested in all the Shares that Ms. Wang Tao is interested in by virtue of the SFO.
- (12) Ms. Chen Ao Ao, the spouse of Mr. Liu Haowei, is deemed to be interested in all the Shares that Mr. Liu Haowei is interested in by virtue of the SFO.

Save as disclosed above, as at the Latest Practicable Date, no other person had any interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under section 336 of the SFO.

## **2. SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

## **3. QUALIFICATION AND CONSENT OF EXPERT**

The following is the qualification of the expert who has given opinion or advice, which are contained or referred to in this circular:

<b>Name</b>	<b>Qualification</b>
Lego Corporate Finance Limited	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities as defined under the SFO

Lego Corporate Finance Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which it appears.

The letter and recommendation given by Lego Corporate Finance Limited is given as of the date of this circular for incorporation herein.

As at the Latest Practicable Date, Lego Corporate Finance Limited does not have any shareholding in the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Group.

As at the Latest Practicable Date, Lego Corporate Finance Limited did not have any interest, direct or indirect, in any assets since 31 December 2022, being the date to which the latest published audited accounts of the Company were made up, have been acquired or disposed of by or leased to the Company, or are proposed to be acquired or disposed of by or leased to the Company.

#### **4. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, save as disclosed in the profit warning announcement of the Company dated 10 August 2023, the Directors confirmed that there has not been any material adverse change in the financial or trading position of the Group since 31 December 2022, being the date to which the latest published audited financial statements of the Company were made up.

#### **5. COMPETING INTERESTS**

As at the Latest Practicable Date, none of the Directors and their close associates was interested in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with that of the Group.

#### **6. INTERESTS OF DIRECTORS**

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been acquired or disposed of by, or leased to, or which are proposed to be acquired or disposed of by, or leased to, the Group since 31 December 2022, being the date to which the latest published audited accounts of the Company were made up.

As at the Latest Practicable Date, there is no other contract or arrangement subsisting at the Latest Practicable Date in which any of the Directors is materially interested and which is significant in relation to the business of the Group.

#### **7. DOCUMENTS ON DISPLAY**

Copies of the following documents will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company ([www.leading-group.com](http://www.leading-group.com)) from the date of this circular up to and including the date of the EGM:

- (a) the 2023 Property Management Services Framework Agreement; and
- (b) the written consent from Lego Corporate Finance Limited referred in paragraph 3 of this appendix.

**8. MISCELLANEOUS**

- (a) The Company's share registrar in Hong Kong is at Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
  
- (b) In the event of inconsistency, the English language text of this circular shall prevail over the Chinese language text.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### Leading Holdings Group Limited

### 領地控股集團有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 6999)**

#### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the an extraordinary general meeting (the “EGM”) of Leading Holdings Group Limited (the “Company”) will be held at 46/F, Tower A, Leading International Finance Center, No. 151, 2nd Tianfu Street, Gaoxin District, Chengdu, Sichuan Province, PRC on Tuesday, 5 December 2023 at 10:00 a.m. for the purpose of considering and, if thought fit, passing the following resolution as an ordinary resolution of the Company:

1. “**THAT**

- (a) the 2023 Property Management Services Framework Agreement (as defined in the circular of the Company dated 15 November 2023 (the “Circular”)) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) the proposed annual caps for the three years ending 31 December 2025 for the transactions contemplated under the 2023 Property Management Services Framework Agreement be and are hereby approved, confirmed and ratified; and
- (c) the Early Transactions (as defined in the Circular) be and are hereby approved, confirmed and ratified.”

By order of the board of directors  
**Leading Holdings Group Limited**  
**Liu Yuhui**  
*Chairman*

Hong Kong, 15 November 2023

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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*Registered Office:*

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

*Principal Place of Business in Hong Kong:*

5/F, Manulife Place  
348 Kwun Tong Road  
Kowloon  
Hong Kong

*Notes:*

- (1) A member entitled to attend and vote at the above meeting may appoint one or, if he holds two or more shares, more proxies to attend and vote instead of him. A proxy need not be a member of the Company. On a poll, votes may be given either personally or by proxy.
- (2) Where there are joint holders of any Share, any one of such joint holder may vote, either in person or by proxy, in respect of such Share as if he were solely entitled thereto, but if more than one of such joint holders be present at the Meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
- (3) In order to be valid, a form of proxy together with the power of attorney (if any) or other authority (if any) under which it is signed or a certified copy thereof shall be deposited at the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. The proxy form will be published on the website of the Stock Exchange.
- (4) The register of members of the Company will be closed from Thursday, 30 November 2023 to Tuesday, 5 December 2023 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for the entitlement to attend and vote at the EGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 29 November 2023.
- (5) The completion of a form of proxy will not preclude you from attending and voting at the EGM in person should you so wish. If you attend and vote at the EGM, the authority of your proxy will be revoked.

*As at the date of this notice, the Board of Directors of the Company comprises Mr. Liu Yuhui and Mr. Luo Changlin as executive Directors and Ms. Jin Xu, Ms. Liang Yunxing and Mr. Fang Min as independent non-executive Directors.*